



**TEHACHAPI VALLEY RECREATION
AND PARK DISTRICT**

**COUNTY OF KERN
TEHACHAPI, CALIFORNIA**

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2015**

**TEHACHAPI VALLEY RECREATION AND PARK DISTRICT
ORGANIZATION AND BOARD OF DIRECTORS
JUNE 30, 2015**

The District, known as the Tehachapi Valley Recreation and Parks District, was established by general election on November 5, 1958 in accordance with all of the provisions and requirements of the State of California Recreation and Park District Act as set forth in Chapter 4, Division 5, of the Public Resources Code and the provisions of the District Organization Law as set forth in Chapter I, Article 4, Division I, Title 6 of the Government code.

APPOINTED OFFICIALS

NAME	OFFICE
Craig Mifflin	Chairman
Paulette Rush	Vice Chairman
Laura Lynne Wyatt	Director
Mary Lou Corpus-Zamudio	Director
Brain Duhart	Director

DISTRICT MANAGER

LeAnn Williams

TEHACHAPI VALLEY RECREATION AND PARK DISTRICT

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FINANCIAL INFORMATION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tehachapi Valley Recreation and Park District
Tehachapi, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Tehachapi Valley Recreation and Park District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tehachapi Valley Recreation and Park District of California as of June 30, 2015, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The financial statements for the year ended June 30, 2015 reflect certain prior period adjustments as described further in Note 1 to the financial statements. Our opinion is not modified with respect to this matter. As described further in Note 1 to the financial statements; the accompanying financial statements reflect certain changes in the reporting of the net pension liability due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 5, Budgetary Comparison Schedule – General Fund on pages 29–30 and Other Post-Employment Benefit Plan – Schedule of Funding Progress on page 31, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District internal control over financial reporting and compliance.

Keathley, Maxwell & Antongiovanni, LLP

Keathley, Maxwell & Antongiovanni, LLP
Bakersfield, California
June 22, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

TEHACHAPI VALLEY RECREATION AND PARK DISTRICT

Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2015

Page 3

The discussion and analysis of the Tehachapi Valley Recreation and Park District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year-end June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole.

The Tehachapi Valley Recreation and Park District is an independent Special District governed by a five (5)-member, appointed Board of Directors: three (3) members are appointed by the Kern County Board of Supervisors and two (2) are appointed by the Tehachapi City Council.

TVRPD operates and maintains over 115 acres of parkland, including a 90-acre aquatic recreational area; a natatorium; an outdoor sports complex including baseball and softball fields; a 10,000-sf. activity center; and an 11,000-sf. skate park. The District also offers a wide variety of inclusive recreational and educational programs, classes, activities and events for all ages of participants in the community.

Introductions to the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's audited financial statements, which are comprised of the basic financial statements. This annual report is prepared in accordance with the Government Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statement - and Management's Discussion and Analysis - for states and local Governments*.

The required financial statements include the Government-Wide and Fund Financial Statements; Statement of Net Position; Statement of Activities; Governmental Funds Balance Sheet; and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance; Budgetary Comparison Schedule - General Fund.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of the District.

Financial Analysis of the District

Fund Accounting:

- The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into two broad categories which in aggregate include one fund type and one account group as follows:
 - General Fund: General fund is used to record the general operations of the District.
 - Capital Project Fund: Capital project fund is used to account for resources received from Quimby funds and Kern County Park Development, to be used for capital improvements to new or rehabilitations of existing neighborhood or community park or recreation facilities.
 - Account Groups: General Fixed Assets Account Group Accounts for property, plant and equipment used in governmental fund type operations.

TEHACHAPI VALLEY RECREATION AND PARK DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2015

Governmental Activities

Table 1
Governmental Net Position

	2015	2014
Current assets	\$ 846,018	\$ 981,005
Capital assets	1,288,724	1,016,437
Total assets	<u>2,134,742</u>	<u>1,997,442</u>
Current liabilities	173,519	93,644
Non-current liabilities	185,215	-
Total liabilities	<u>358,734</u>	<u>93,644</u>
Net position		
Net investment in capital assets	1,288,724	1,016,437
Restricted	470,381	470,381
Unrestricted	16,903	416,980
Total net position	<u>\$ 1,776,008</u>	<u>\$ 1,903,798</u>

Table 2
Changes in Governmental Net Position

<u>Expenses</u>		
General government	\$ 1,114,652	\$ 947,244
Culture and recreation	115,337	150,070
Total expenses	<u>1,229,989</u>	<u>1,097,314</u>
<u>Revenues</u>		
Program revenues:		
Charges for services	329,228	318,410
Total program revenues	<u>329,228</u>	<u>318,410</u>
General revenues:		
Taxes and assessments	846,980	703,723
Development fee revenues	40,603	59,836
Sponsorship revenues	34,284	23,170
Donations	30,100	-
Other income	3,474	-
Unrestricted investment earnings	2,745	3,203
Total general revenues	<u>958,186</u>	<u>789,932</u>
Change in net position	<u>\$ 57,425</u>	<u>\$ 11,028</u>

TEHACHAPI VALLEY RECREATION AND PARK DISTRICT

Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2015

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Financial Highlights

Key financial highlights for 2014 - 2015 are as follows:

Overall:

- Expended \$1,502,276 while revenue was \$1,245,353 a difference of (\$256,923). Difference will be explained below in Governmental Activities.

Government Activities:

- Total revenue increased \$102,234 from what was budgeted. This increase is due to increases in property tax revenue and donation revenues.
- Total expenditures decreased \$173,538 from what was budgeted. This decrease is mainly due to the capital outlay budgeted amount being greater than what was actually spent. However, the District did have substantial capital asset additions which had a direct correlation with the increase in maintenance and utilities expenditures.

Next Year's Budgets:

- Total budgeted general fund revenues for the 2016 fiscal year are \$1,243,274 which is an increase of \$100,155 from the fiscal year 2015. Budgeted expenditures are supposed to increase by \$182,972 or about 10%.

Contacting the Tehachapi Valley Recreation and Park District's Financial Management:

This financial report will give the public an overview of the agency's financial dealings, where the funds are coming from, and how they are being spent. If additional information is needed, please contact:

District Manager
Tehachapi Valley Recreation and Park District
P. O. Box 373
Tehachapi, CA 93581

BASIC FINANCIAL STATEMENTS

GOVERNMENT - WIDE FINANCIAL STATEMENTS

TEHACHAPI VALLEY RECREATION AND PARK DISTRICT

Statement of Net Position
For the Year Ended June 30, 2015

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and investments	\$ 825,625
Accounts receivable, net of allowance	8,154
Prepaid items	7,790
Inventory	4,449
Non-depreciable capital assets	448,485
Capital assets, net of accumulated depreciation	<u>840,239</u>
 Total assets	 <u>2,134,742</u>
<u>LIABILITIES</u>	
Accounts payable	62,385
Accrued salaries and wages	28,087
Accrued liabilities	49,029
Other liabilities	34,018
Net pension liability	<u>118,486</u>
 Total liabilities	 <u>292,005</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows of pension resources	<u>66,729</u>
<u>NET POSITION</u>	
Net investment in capital assets	1,288,724
Restricted for:	
Capital projects	470,381
Unrestricted	<u>16,903</u>
 Total net position	 <u>\$ 1,776,008</u>

TEHACHAPI VALLEY RECREATION AND PARK DISTRICT

Statement of Activities
For the Year Ended June 30, 2015

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
PRIMARY GOVERNMENT			
Governmental Activities:			
General Government	\$ 1,114,652	\$ 134,091	\$ (980,561)
Culture and Recreation	<u>115,337</u>	<u>195,137</u>	<u>79,800</u>
Total Governmental Activities	<u>1,229,989</u>	<u>329,228</u>	<u>(900,761)</u>
Total Primary Government	<u>\$ 1,229,989</u>	<u>\$ 329,228</u>	<u>(900,761)</u>
General Revenues:			
Taxes and Assessments			846,980
Sponsorship Revenues			34,284
Development Fee Revenues			40,603
Donation Revenues			30,100
Other Income			3,474
Unrestricted Investment Earnings			<u>2,745</u>
Total General Revenues			<u>958,186</u>
Change in Net Position			57,425
Net Position - Beginning (as previously reported)			1,903,798
Prior period adjustment			<u>(185,215)</u>
Net Position - Beginning (as restated)			<u>1,718,583</u>
Net Position - Ending			<u>\$ 1,776,008</u>

See independent auditor's report and accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

TEHACHAPI VALLEY RECREATION AND PARK DISTRICT

Balance Sheet - Governmental Funds
For The Year Ended June 30, 2015

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Current Assets:			
Cash and investments	\$ 538,465	\$ 287,160	\$ 825,625
Accounts receivable, net of allowance	8,154	-	8,154
Prepaid items	7,790	-	7,790
Inventory	4,449	-	4,449
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 558,858</u>	<u>\$ 287,160</u>	<u>\$ 846,018</u>

LIABILITIES AND FUND BALANCES

Liabilities:			
Accounts payable	\$ 62,385	\$ -	\$ 62,385
Accrued expenses	77,116	-	77,116
Other liabilities	34,018	-	34,018
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>173,519</u>	<u>-</u>	<u>173,519</u>
Fund Balances:			
Nonspendable	12,239	-	12,239
Restricted	-	-	-
Committed	-	287,160	287,160
Assigned	-	-	-
Unassigned	373,100	-	373,100
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>385,339</u>	<u>287,160</u>	<u>672,499</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 558,858</u>	<u>\$ 287,160</u>	<u>\$ 846,018</u>

TEHACHAPI VALLEY RECREATION AND PARK DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Position
For the Year Ended June 30, 2015

Total fund balances - governmental funds	\$	672,499
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in Governmental Funds.		1,288,724
Net pension liability has not been reported in the governmental funds		<u>(185,215)</u>
Total net position of governmental activities	\$	<u><u>1,776,008</u></u>

TEHACHAPI VALLEY RECREATION AND PARK DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2015

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUE</u>			
Taxes and assessments	\$ 846,980	\$ -	\$ 846,980
Charges for services	329,228	-	329,228
Sponsorship revenues	34,284	-	34,284
Development fee revenues	-	40,603	40,603
Investment earnings	1,288	1,457	2,745
Donation revenues	30,100	-	30,100
Other income	3,474	-	3,474
	<u>1,245,354</u>	<u>42,060</u>	<u>1,287,414</u>
<u>EXPENDITURES</u>			
General government	1,014,127	-	1,014,127
Culture and recreation	115,337	-	115,337
Capital outlay:			
Buildings, improvements and equipment	147,531	225,281	372,812
	<u>1,276,995</u>	<u>225,281</u>	<u>1,502,276</u>
Net change in fund balances	(31,641)	(183,221)	(214,862)
Fund balances - beginning of year	416,980	470,381	887,361
Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - end of year	<u>\$ 385,339</u>	<u>\$ 287,160</u>	<u>\$ 672,499</u>

See independent auditor's report and accompanying notes to financial statements.

TEHACHAPI VALLEY RECREATION AND PARK DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ (214,862)

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	\$	372,812	
Depreciation expense		<u>(100,525)</u>	
	Total		<u>272,287</u>
Change in net position of governmental activities			<u><u>\$ 57,425</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of Tehachapi Valley Recreation and Park District (the District) include the accounts of all of the activities of the District. The District was formed as an independent special district to provide quality leisure services, park, programs, and facilities; address the recreational needs of all ages; promote positive customer service, fiscal responsibility, and accountability; and enhance and promote personal well-being and a sense of community.

The District is the primary governmental unit based on the foundation of a separately appointed five member board. The board is appointed by the Kern County Board of Supervisors and the Tehachapi City Council. The board has decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government. The effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Separate financial statements are provided governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the Government-wide financial statements.

Fund Financial Statements: Fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

The *Capital Project Fund* is used to account for resources received from Quimby Funds to be used for capital improvements to new or rehabilitations of existing neighborhood or community park or recreation facilities.

Certain activity occurred during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which the taxes are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures are generally recorded when the related fund liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Measurement Focus (Continued)

Property tax revenues, revenues received from the state, and investment earnings are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Assets, Liabilities, and Net Position/Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are reported at fair value (generally based on quoted market prices) except for the position in the Kern County Local Agency Investment Fund (LAIF). The District adopted an investment policy directing management to deposit funds in financial institutions. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

The District records purchases of supplies as expenditures utilizing the purchase method of accounting for inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost and are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of two years. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Land is not depreciated.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

The other capital assets are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building and improvements	5 - 30 years
Equipment	3 - 7 years

Accounts Receivable

No allowance for doubtful accounts has been established since management believes that substantially all amounts are collectible.

Net Position/Fund Balance

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net assets and unrestricted net assets in the government-wide financial statements, an assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net assets to have been depleted before unrestricted net assets are applied.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, an assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position/Fund Balance (Continued)

The Board of Directors is the highest level of decision making authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit a fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only existed temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Amounts in the non-spendable fund balance classification reflect assets not in spendable form because they will never convert to cash (such as prepaid items).

Revenues and Expenses

Property Taxes

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for District. Tax revenues are recognized by the District when received.

Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retired or terminated. The dollar value of such accumulations was determined to be \$29,483 as of June 30, 2015.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Data

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to the beginning of the fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means/methods of financing them.
2. A meeting of the Board of Directors is then called for the purpose of adopting the proposed budget. At least ten days public notice of the meeting must have been given.
3. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the Board of Directors.

Once a budget is approved, it can be amended only by approval of a majority of the members of the Board of Directors. As required by law, such amendments are made before the fact, reflected in the official minutes of the Board of Directors, and not made after fiscal year end. All budget appropriations lapse at year-end.

Fund Balance Reserves and Designations

Government - Wide Statements

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

Non-spendable Fund Balance The portion of fund balance reflecting assets not in spendable form, either because they will never convert to cash (such as prepaid items) or must remain intact pursuant to legal or contractual requirements (such as the principal of a permanent endowment).

Non-spendable Prepaid Items The portion of fund balance reflecting the value of prepaid items.

All Other Non-spendable Assets The portion of fund balance reflecting the value of non-spendable assets not specified above. For example, this object issued for the legal reserve required for Certificates of Participation, the long-term portion of notes receivable, or the principal of a permanent endowment.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Fund Balance Reserves and Designations (Continued)**

Restricted Fund Balance The portion of fund balance representing resources subject to externally imposed and legally enforceable constraints imposed either by external resource providers, e.g., grantors or creditors, or by law through constitutional provisions or enabling legislation. Examples include unspent balances or restricted state and federal grants, and unspent proceeds of general obligation bonds.

Committed Fund Balance The portion of fund balance representing resources whose use is constrained by limitations self-imposed by the District through formal action of its highest level of decision-making authority. The constraints can be modified or removed only through the same process by which they were imposed. The action imposing the constraint must be made by the end of the reporting period. The actual amounts may be determined at a later date, prior to the issuance of the financial statements.

Stabilization Arrangements The portion of fund balance set aside pursuant to a stabilization arrangement more formal than the reserve for economic uncertainties recommended by the Criteria and Standards for fiscal solvency or other minimum fund balance policy. The level of constraint must meet the criteria to be reported as committed, and the circumstances in which the resources are used must be specific and non-routine. The formal action imposing the constraint should identify and describe in sufficient detail the circumstances in which the amounts may be used. Minimum fund balance policies and other stabilizing arrangements that do not match the criteria to be reported as committed are reported as unassigned.

Other Commitments The portion of fund balance representing commitments other than stabilization arrangements.

Assigned Fund Balance The amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the District's highest level of decision-making or by a designated body or official. Constraints giving rise to assigned fund balance may be imposed at any time before the financial statements are issued, and may be modified or removed by a process less formal than is required for committed fund balance.

Other Assignments The position of fund balances representing assignment.

Unassigned Fund Balance The portion of fund balance not classified as non-spendable, restated, committed, or assigned.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Reserves and Designations (Continued)

Unassigned Fund Balance (Continued)

In all governmental funds including the general fund, the excess of non-spendable, restricted, and committed fund balance over total fund balance (deficits), assigned amounts must be reduced or estimated if a deficit exists.

For budgetary purposes, this account represents the excess of estimated revenue and estimated other financial sources over appropriations and estimated other financing uses.

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

GASB Statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

GASB Statement No. 69 - Government Combinations and Disposals of Governments Operations. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2013.

GASB Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. The provisions of this statement are effective for financial statements for fiscal years beginning after June 15, 2014.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as

Cash and investments - General Fund	\$ 538,465
Cash and investments - Capital Project Fund	287,160
Total	<u>\$ 825,625</u>

Cash and investments consisted of the following at June 30, 2015:

Cash on hand and in banks	\$ 98,507
Pooled investments - Kern County	727,118
Total	<u>\$ 825,625</u>

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the District's Investment Policy

The following table identifies the investment types that are authorized by the District investment policy. The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
State and Local Agency Bonds	5 years	100%	None
U.S. Treasury Notes	5 years *	100%	None
Federal Agency Obligations	5 years *	100%	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Non-negotiable Certificates of Deposit	5 years	100%	None
Negotiable Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Repurchase Agreements	1 year	100%	None
Money Market Funds	N/A	20%	None
California Local Agency Investment Fund (LAIF)	N/A	100%	10%

* Except when authorized by the District's legislative body in accordance with Government Code

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as the Kern County Investment Pools.

NOTE 2: CASH AND INVESTMENTS (Continued)

Custodial Credit Risk (Continued)

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the District's name.

Investment in External Investment Pools

The District is a voluntary participant in the Kern County Investment Pool that is regulated by the California Government Code under the oversight of the Treasurer of the County of Kern. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by Kern County for the entire Kern County portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by Kern County, which are recorded on an amortized cost basis.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide requirements for cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity date.

NOTE 2: CASH AND INVESTMENTS (Continued)

Interest Rate Risk (Continued)

Investments at June 30, 2015, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months or less</u>	<u>13 to 36 months</u>	<u>37 - 60 months</u>
Cash on hand and in banks	\$ 98,507	\$ 98,507	\$ -	\$ -
Pooled investments	727,118	331,566	218,862	176,690
Total	<u>\$ 825,625</u>	<u>\$ 430,073</u>	<u>\$ 218,862</u>	<u>\$ 176,690</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by, where applicable, the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Credit ratings as of June 30, 2015, consisted of the following:

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt from Disclosure</u>	<u>Rating AAA</u>
Cash on hand and in banks	\$ 98,507	N/A	\$ 98,507	-
Pooled investments	727,118	N/A	727,118	-
Total	<u>\$ 825,625</u>		<u>\$ 825,625</u>	

NOTE 3: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following are the excess of expenditures over appropriations as of June 30, 2015:

General Fund:	
Cost of Goods Sold	\$ 20,537

NOTE 4: CAPITAL ASSETS

The changes in fixed assets for the year ended June 30, 2015, were as follows:

<u>Governmental Activities:</u>	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 166,735	\$ -	\$ -	\$ 166,735
Construction in progress	33,600	248,150	-	281,750
Total capital assets not being depreciated	<u>200,335</u>	<u>248,150</u>	<u>-</u>	<u>448,485</u>
Capital assets being depreciated:				
Buildings and improvements	2,680,565	43,720	-	2,724,285
Equipment	549,300	27,652	-	576,952
Fleet vehicles and equipment	-	53,290	-	53,290
Total capital assets being depreciated	<u>3,229,865</u>	<u>124,662</u>	<u>-</u>	<u>3,354,527</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,915,478)	(70,664)	-	(1,986,142)
Equipment	(498,285)	(29,861)	-	(528,146)
Total accumulated depreciation	<u>(2,413,763)</u>	<u>(100,525)</u>	<u>-</u>	<u>(2,514,288)</u>
Total capital assets being depreciated, net	<u>816,102</u>	<u>24,137</u>	<u>-</u>	<u>840,239</u>
Governmental activities capital assets, net	<u>\$ 1,016,437</u>	<u>\$ 272,287</u>	<u>\$ -</u>	<u>\$ 1,288,724</u>

Depreciation expense was charged to Governmental Activities as follows:

Culture and recreation	\$ 100,525
Total depreciation expense	<u>\$ 100,525</u>

NOTE 5: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year ended June 30, 2015, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for any of the past three fiscal years.

NOTE 6: PENSION PLAN

Plan Description

The District contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

NOTE 6: PENSION PLAN (Continued)

Plan Description (Continued)

PERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. Copies of the PERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

The contribution rate for plan members in the PERS 2.0% at 60 Risk Pool Retirement Plan is 7% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rates are equal to the annual pension cost (APC) percentage of payroll for fiscal year 2015 as noted below. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by PERS. For fiscal years 2015, 2014, 2013, 2012, 2011, and 2010, the District's annual contributions for the PERS plan were equal to the District's required and actual contributions.

Pension liabilities, pension expenses & deferred outflows/inflows of resources related to pensions

For the year ended June 30, 2015, the District recognized pension expense/(income) of (\$2,051). At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between Projected and Actual Earnings on Pension	<u>\$ -</u>	<u>\$ 66,729</u>

NOTE 6: PENSION PLAN (CONTINUED)

Pension liabilities, pension expenses & deferred outflows/inflows of resources related to pensions
(Continued)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions, other than the employer-specific item, will be recognized in future pension expense as follows:

Year ended June 30		
2015	\$	14,474
2016		14,474
2017		15,945
2018		21,836
Thereafter		-

Actuarial Assumptions

Actuarial Methods:

Valuation Dated	June 30, 2014
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Valued

Actuarial Assumptions:

Discount Rate	7.5% (net of administrative expenses)
Projected Salary Increases	3.30% to 14.20% depending on age, service and employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 2.75% and an annual production growth of 0.25%.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies.

NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies (Continued)

In the opinion of the District, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies. The District is not involved in any litigation as of June 30, 2015.

NOTE 8: COMPLIANCE AND ACCOUNTABILITY

A. Finance-Related Legal and Contractual Provisions.

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

B. Deficit Fund Balance or Fund Net Assets of Individual Funds

Following are funds having deficit fund balances or fund net assets at year-end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

NOTE 9: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2015, that have effective dates that may impact future financial presentation.

Governmental Accounting Standards Board Statement No. 72 - Fair Value Measurement and Application. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015. The impact of the implementation of this statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 73 - Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 6. The provisions of this statement are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.

**NOTE 9: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED,
NOT YET EFFECTIVE (Continued)**

Governmental Accounting Standards Board Statement No. 73 (Continued)

The impact of the implementation of this statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 74 - Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The provisions of this statement are effective for fiscal years beginning after June 15, 2016. The impact of the implementation of this statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans. The provisions of this statement are effective for fiscal years beginning after June 15, 2017. The impact of the implementation of this statement to the District's financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The provisions of this statement are effective for reporting periods beginning after June 15, 2015. The impact of the implementation of this statement to the District's financial statements has not been assessed at this time.

NOTE 10: SUBSEQUENT EVENTS

The District had no reportable subsequent events as of the date of the auditors' report, which is the date the financial statements were available to be issued.

NOTE 11: PRIOR PERIOD ADJUSTMENTS

GASB Statement No. 68 - Accounting and Financial Reporting for Pensions. The District adopted the provisions of GASB Statement 68, Accounting and Financial Reporting for Pensions ("Statement No. 68"). Effective for periods beginning after June 15, 2014, GASB Statement 68 replaces the requirements of GASB Statements Nos. 27 and 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.

The standard requires government employers to recognize as a liability, for the first time, their long-term obligation for pension benefits. The employers liability is to be measured as the difference between the present value of project benefit payments to be provided through the pension plan for past periods of service less the amount of the pension plan's fiduciary net position. Obligations for employers with cost sharing plans will be based on their proportionate share of contributions to the pension plan.

NOTE 11: PRIOR PERIOD ADJUSTMENTS (Continued)

GASB Statement No. 68 - Accounting and Financial Reporting for Pensions (Continued)

The standard also requires more immediate recognition of annual service cost, interest and changes in benefits for pension expense; specifies requirements for discount rates, attribution methods; and changes disclosure requirements. As of June 30, 2015, the net position has been adjusted as follows:

	<u>Amount</u>
July 1, 2014 as previously reported	\$ 1,903,798
Record net pension liability	<u>(185,215)</u>
July 1, 2014 restated	<u>\$ 1,718,583</u>

REQUIRED SUPPLEMENTARY INFORMATION

TEHACHAPI VALLEY RECREATION AND PARK DISTRICT
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2015
(Unaudited)

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes and assessments	\$ 752,759	\$ 752,759	\$ 846,980	\$ 94,221
Charges for services	345,860	345,860	329,228	(16,632)
Sponsorship revenues	41,000	41,000	34,284	(6,716)
Investment earnings	3,500	3,500	1,288	(2,212)
Donation revenues	-	-	30,100	30,100
Other income	-	-	3,473	3,473
Total revenues	<u>1,143,119</u>	<u>1,143,119</u>	<u>1,245,353</u>	<u>102,234</u>
EXPENDITURES				
Cost of Goods Sold:				
Adult programs	2,700	2,700	4,698	(1,998)
Contracted class cost	25,500	25,500	36,229	(10,729)
Events cost	44,800	44,800	53,324	(8,524)
Youth programs	18,500	18,500	19,701	(1,201)
Resale	3,300	3,300	1,385	1,915
Salaries and Wages:				
Administration	132,600	132,600	257,684	(125,084)
Recreation	177,525	177,525	94,208	83,317
Maintenance	184,589	184,589	132,568	52,021
Employee benefits	183,200	183,200	161,260	21,940
Maintenance & Operation:				
Advertising	15,000	15,000	15,907	(907)
Bank service charges	7,000	7,000	8,981	(1,981)
Charitable contributions	3,000	3,000	2,942	58
Dues & subscriptions	5,000	5,000	6,887	(1,887)
Equipment rent & lease	5,500	5,500	4,991	509
Fuel	12,000	12,000	11,312	688
Insurance liability	20,300	20,300	16,942	3,358
License & fees	4,000	4,000	6,913	(2,913)
Maintenance - accessibility	6,000	6,000	5,247	753
Maintenance - facilities	11,000	11,000	11,711	(711)
Maintenance - equipment	2,500	2,500	4,335	(1,835)
Maintenance - fleet	5,000	5,000	4,006	994
Maintenance - janitorial supplies	11,000	11,000	12,579	(1,579)
Maintenance - materials & supplies	26,000	26,000	29,569	(3,569)
Maintenance - pool chemicals	12,000	12,000	8,734	3,266
Maintenance - small tools & equip	1,000	1,000	1,954	(954)
Meals and entertainment	1,000	1,000	1,494	(494)
Office supplies	14,000	14,000	14,265	(265)
Phone	14,000	14,000	17,771	(3,771)
Professional development	12,000	12,000	12,201	(201)

See independent auditors' report

TEHACHAPI VALLEY RECREATION AND PARK DISTRICT

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
Professional services	60,100	60,100	51,164	8,936
Property tax collection fee	8,500	8,500	10,348	(1,848)
Public/Legal notices	500	500	-	500
Scholarship fund expense	5,000	5,000	1,053	3,947
Security	1,500	1,500	1,414	86
Utilities	91,300	91,300	95,020	(3,720)
Quimby	15,000	15,000	5,395	9,605
Uniform & apparel	5,000	5,000	5,272	(272)
Interest	300	300	-	300
Capital Outlay:				
Buildings, improvements and equipment	<u>528,600</u>	<u>528,600</u>	<u>372,812</u>	<u>155,788</u>
Total expenditures	1,675,814	1,675,814	1,502,276	173,538
Excess (Deficiency) of Revenues Over (Under) Expenditures	(532,695)	(532,695)	(256,923)	275,772
Fund Balance - Beginning of Year	416,980	416,980	416,980	-
Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ (115,715)</u>	<u>\$ (115,715)</u>	<u>\$ 160,057</u>	<u>\$ 275,772</u>

TEHACHAPI VALLEY RECREATION AND PARK DISTRICT

**Schedule of Funding Progress - Retirement Plan
For the Year Ended June 30, 2015**

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2012	\$ 1,111,535	\$ 994,055	\$ 117,480	89.43%	\$ 212,566	55%
June 30, 2013	\$ 1,262,613	\$ 1,177,279	\$ 85,334	93.24%	\$ 70,263	121%
June 30, 2014	\$ 1,416,365	\$ 1,377,695	\$ 38,670	97.27%	\$ 81,685	47%

(Latest information available)

Actuarial valuations of an ongoing plan involve estimates of the value reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan the Annual Required Contributions of the District are subject to continual revisions as actual results are compared with past expectations and new estimate are made about the future. The schedule of funding progress, as presented shows where the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

OTHER INDEPENDENT AUDITOR'S REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Tehachapi Valley Recreation and Park District
Tehachapi, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tehachapi Valley Recreation and Park District, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 22, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keathley, Maxwell & Antongiovanni, LLP

Keathley, Maxwell & Antongiovanni, LLP
Bakersfield, California
June 22, 2016

